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United Nations Industrial Development Organization

Industrial Development Board

Thirtieth session

SUMMARY RECORD OF THE 1st MEETING

Held at the Vienna International Centre, Vienna,
on Monday, 20 June 2005, at 10 a.m.

Temporary President: Mr. ZNIBER (Morocco)
President: Mr. STELZER (Austria)

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The meeting was called to order at 10.15 a.m.

OPENING OF THE SESSION

1. **The TEMPORARY PRESIDENT** declared open the thirtieth session of the Industrial Development Board. During his term as President, major changes had taken place at UNIDO and, through the collective efforts of all concerned, the Organization had achieved specific and visible results. Firstly, programme implementation had been stepped up and technical cooperation services had been improved. Secondly, the budget situation had improved significantly, thanks in large part to the support of donor countries, which he hoped would continue. High-level consultations were being held with the aim of agreeing on a substantial budget which would allow the Organization's activities to bring maximum benefit. Priority should be given to the African continent, which was the only continent to have taken a step backwards in the past 40 years in terms of development and efforts to combat poverty.

2. Thirdly, UNIDO had established promising cooperation programmes with other organizations, in particular the United Nations Development Programme (UNDP). That would enable UNIDO to expand its presence in developing countries and would make possible a comprehensive approach to the issues affecting them. UNIDO should be in a position to enter into cooperation with other competent international organizations in the near future. Fourthly, a strategic long-term vision for the Organization over the next 10 to 15 years had been drawn up, which was a commendable step that would encourage Member States, especially donor countries, to enhance their involvement with the Organization.

3. UNIDO needed to focus, above all, on reducing poverty and bridging the gap between developed and developing countries through the enhancement of economic capacity and the use of a variety of technologies in order to ensure sustainable development. There was general agreement on those priorities, but implementation of the relevant activities would require an increase in income and a diversification of sources of income. UNIDO also needed to redouble its efforts to raise awareness in civil society and academic institutions of its goals and priorities so as to increase support for its work. In that regard, the recent appointment of Goodwill Ambassadors was a positive development which would help raise the Organization's profile.

4. He thanked all the members of the Board and the Bureau, and also the Director-General and the Secretariat, for their support during his term of office and wished the new President and Bureau success in the discharge of their duties.

ELECTION OF OFFICERS

5. **The TEMPORARY PRESIDENT** said that he had received the following nominations: Mr. T. Stelzer (Austria) for the post of President; Mr. Wu Hailong (China), Mr. H. Bazoberry Otero (Bolivia) and Mr. J. Bylica (Poland) for the posts of Vice-President; and Mr. E. Koffi (Côte d'Ivoire) for the post of Rapporteur.

6. *The candidates were elected by acclamation.*

7. *Mr. Stelzer (Austria), President, took the Chair.*

STATEMENT BY THE PRESIDENT

8. **The PRESIDENT** thanked the members of the Board for electing him and requested their cooperation, and that of his fellow Bureau members, for the current session, which had a very full agenda. He also thanked the members of the outgoing Bureau for their excellent work over the past year.

9. The thirtieth session of the Board was a special one because it would be the last session held during Mr. Magariños's eight-year tenure as Director-General. It was well known that the Organization's capacity to deliver technical cooperation had improved significantly during those eight years, despite the fact that its budget had been 20 per cent lower. A number of studies had confirmed that UNIDO was a very well-managed organization. However, it was not sufficient for the Organization's internal management to function effectively; as a member of the United Nations family, UNIDO was called upon to contribute added value to the work of the United Nations system in the field of development. UNIDO was a small organization among many working in the same area and therefore had to define clearly its areas of comparative advantage, which included poverty alleviation through productive activities, trade capacity-building, and the environment and sustainable energy. It also had to plan for the future while remaining flexible enough to deal with unexpected challenges that might arise. He therefore hoped that the Board would reach agreement on the UNIDO strategic long-term vision for the next 10 to 15 years so as to recommend it for adoption at the next session of the General Conference. That would equip UNIDO to face the future in the context of the current reorganization of the entire United Nations system.

10. One of the main priorities of the current session of the Board was the election of a new Director-General, and he thanked the Secretariat for its preparations in that regard. The election was an intricate process but, with the goodwill of all concerned, a result would be

achieved. Another crucial issue was the adoption of the programme and budgets for 2006-2007. Despite its best efforts, the Programme and Budget Committee had not been able to reach a consensus. However, all delegations seemed broadly to agree on the need to maximize delivery capacity within a set financial framework, and all were subject to the same requirement of accountability to their taxpayers, to the Organization itself, to the international community and to the beneficiaries of the Organization's activities. He was confident that, with the necessary cooperation, agreement would be reached on the programme and budgets.

ADOPTION OF THE AGENDA (IDB.30/1 and Add.1; IDB.30/CRP.1)

11. *The provisional agenda (IDB.30/1) was adopted.*

STATEMENT BY THE DIRECTOR-GENERAL

12. **Mr. MAGARIÑOS** (Director-General) thanked the outgoing President and Bureau for their skilful guidance of the Board's work and congratulated the new President and Bureau on their election. He also expressed gratitude for the Board's support throughout his time in office and commended the collective achievements of the Organization over that time. His final address to the Board as Director-General provided a good opportunity to place his tenure in perspective, not through analysis of the results achieved, as on previous occasions, but rather in terms of drawing some conclusions that might assist the Organization in the future.

13. When he had been elected Director-General eight years previously, he had been faced with an extremely challenging situation: the Organization had been in financial disarray and a number of Member States had already left the Organization while others had been on the point of leaving. An unprecedented budget cut of 20 per cent had therefore been agreed upon, making it necessary to reduce the number of Secretariat staff by 100. However, that situation had been merely a superficial manifestation of deeper problems. In 1997, technical cooperation delivery had been in decline for eight consecutive years. UNIDO had faced problems of an administrative and financial nature and problems relating to programmatic focus, and the problems had revealed certain doubts and deeper concerns about the Organization's substantive activities, or more precisely about whether fostering economic development in developing countries was worth the investment of money coming from the world's taxpayers. During his first years in office, he had tried to tackle these problems one by one, while recognizing that they were all interrelated and could not be treated in total isolation from each other.

14. The degree of success achieved could be demonstrated in figures. During his first four years in office—1998-2001—the value of technical cooperation delivery had amounted to $318 million, or almost $80 million a year. In other words, the Organization had been stabilized and the decline of the preceding eight years had been halted. The Organization's financial performance and the labour conditions and job security of Secretariat staff had also been improved. Next, in order to improve programmatic focus, the service modules and integrated programmes had been developed, which had enabled UNIDO to regain credibility among Member States. As a result, withdrawals of Member States from the Organization had stopped and new members had begun to join. The value of technical cooperation delivery since January 2002—the start of his second term of office—had already exceeded the total for his first term, reaching $332 million to date. Delivery was set to total $380 million by the end of 2005, an average of $95 million a year for the period 2002-2005 and an increase of 20 per cent compared with the previous four years.

15. A conclusion that could be drawn was that it was possible to reform an international organization without conflicts or major stress, and also to increase technical cooperation delivery. The challenge for the future was to continue the growth. That was necessary not for the sake of any bureaucracy, but because UNIDO had an important role to play in the international economic machinery, as he had said in 1997; it had now been shown that such a role could be played. It was necessary also because only with economic development could developing countries attain the Millennium Development Goals. Strengthening those countries' capacity to increase per capita growth rates called for social investments, in sanitation, nutrition, health and education. UNIDO's reports had proved, however, that that alone would not suffice. The *Industrial Development Report 2004* had shown that, to achieve Goal 1 on poverty reduction, sub-Saharan countries needed an annual per capita growth rate of between 4 and 6 per cent and that the above-mentioned social investments would contribute only half that. The additional 2 or 3 per cent per capita growth rate that those countries would need to attain the Goals would require support in investment promotion, trade capacity-building, technology transfer and many other areas where UNIDO had a comparative advantage. UNIDO must strengthen its role in order to contribute to the attainment of the Millennium Development Goals and to making the world more equitable and spreading democracy and prosperity around the world. To bring that about would be the task of his successor.

16. With regard to how to increase technical cooperation delivery, the Board would be aware that, in the documents outlining a long-term vision and in a

recent book published on United Nations reform, he was advocating the devotion of increased attention to economic development functions within the United Nations system. UNIDO's reform process had reached a point where future productivity gains would depend on efforts throughout the United Nations system. Economic development functions had not been given sufficient consideration in the current reform proposals for the United Nations system, and UNIDO had made contributions aimed at strengthening, in that regard, the draft document to be submitted to the United Nations General Assembly World Summit in September 2005.

17. He was sure that the platform that Member States and the Secretariat had built during his two terms of office would enable UNIDO to continue to contribute to the growth and prosperity of developing countries. He thanked Member States for their support.

STATEMENTS BY MINISTERS

18. **Mr. NITIMIHARJA** (Minister of Industry of Indonesia) expressed his deep appreciation of the Director-General's three visits to Indonesia, which testified to UNIDO's commitment to the country's industrial development.

19. In the context of the reforms being undertaken by the Government of President Susilo Bambang Yudhoyono, elected in 2004, the Ministry of Industry was working to create an industrial sector that would meet the people's needs, drive national economic growth, generate productive business activities and provide a tool for improving national technological capabilities. The long-term goal of industrial policy was to make Indonesia a sustainably industrialized country. The main five-year targets for industrial development included an average annual growth of 8.6 per cent in manufacturing industry, the expansion of the workforce by about 500,000 a year, increasing the share of domestic products in the domestic market, attracting investment and facilitating transfer of technology.

20. As part of its policy, the Government had also identified, on the basis of their potential international competitiveness and prospects, priority industries including those in the agro-based, transport equipment and information and communication technology sectors. Over the next five years, 10 clusters of industries would be developed. By 2009, the contribution of industry to the national economy could reach 30 per cent.

21. His Government was determined to continue its reform of investment policies in order to attract foreign investors back to Indonesia, creating transparency and confidence in business dealings and encouraging a market-oriented approach. It would ensure equal treatment for domestic and foreign investors, and was finalizing a new investment law that would incorporate the principle of market orientation and simplify investment procedures.

22. UNIDO, as the agency in the United Nations system dealing specifically with industrial development, could still do much to assist Indonesia to develop its industrial sector. The Organization's priorities, as set out in documents such as the draft strategic long-term vision statement (IDB.30/23), and activities in areas such as small and medium enterprises, trade capacity-building, poverty alleviation, clean energy and environment and post-crisis reconstruction and rehabilitation fitted well with his Government's policies.

23. Although humanitarian relief was not the task of UNIDO, his Government was convinced that the Organization could provide assistance to the areas affected by the earthquake and tsunami of December 2004 under the heading of post-crisis industrial rehabilitation and reconstruction. As one of the countries severely hit by that disaster, Indonesia had approached UNIDO for assistance in the reconstruction process as it related to industrial development. He hoped that the Organization would play its part, and wished to encourage donor countries, especially those that had made financial pledges, to realize their promises. He looked forward to the Director-General's next visit to Indonesia to see the situation with his own eyes.

24. He welcomed the revision of the Country Service Framework for Indonesia, which would be signed later that day. His Government hoped that all the approved projects would be implemented as planned.

25. **Mr. GHASSAN TAYARA** (Minister of Industry of the Syrian Arab Republic) commended the efforts of Mr. Magariños to make UNIDO a more vital and effective organization. In 2004, his country and the European Union had initialled an Association Agreement and it hoped soon to be in a position to sign the final version. His country's economy, and in particular the industrial sector, would then have to face the challenge of making the most of the possibilities provided by the Agreement while protecting the economy against potential adverse effects. The Syrian Arab Republic had recently taken a series of decisions and steps to facilitate stimulation of industrial development, to reinforce capacity in the private sector and to convert to a market economy. To effect change in the optimum circumstances, it relied heavily on cooperation with UNIDO and other international organizations and with the donor agencies. The country's tenth five-year plan, for 2006-2010, currently being prepared, envisaged implementation of that reform and integration programme, with, in parallel, more comprehensive programmes to remove obstacles to strengthening the national economy and its competitiveness. The Government was creating a climate attractive to foreign investment.

26. The industrial sector and manufacturing industry were being subject to across-the-board review with the aim of restructuring public-sector facilities and opening the way for the private sector. Industrial development and modernization required cooperation between the public and private sectors, with both local and foreign investment within the framework of state planning. The embargo on his country would have an adverse impact on that process, in particular industrial development, and on the efforts to bring about a fair peace in the region. Chapter IV of the *Annual Report 2004* (IDB.30/2) mentioned the industrial modernization and upgrading project for his country, and he underlined the importance of completing the final phase of the integrated programme and preparing working documents to underpin industrial policy. Cooperation was planned with Italy, and he acknowledged with thanks the contribution of 2.3 million euros towards completion of the modernization project. With regard to UNIDO's part of the project, the Government would seek to ensure implementation without further delay.

27. His Government was discussing with UNIDO and financial institutions the creation of an industrial plan and an industrial policy unit, with a database, in the Ministry of Industry. Activities were already under way with the support of the European Union and other donors aimed at modernizing institutions and promoting small and medium enterprises, professional training and rehabilitation. Extensive coordination and cooperation between UNIDO and other organizations and donor countries was called for.

28. The lack of a Director for the UNIDO Regional Office covering Jordan, Lebanon and the Syrian Arab Republic had had an adverse effect on the Organization's regional activities for some time. He called for the process of appointment of a Director to be accelerated and for the Office to be strengthened.

29. **The PRESIDENT** said that the vacant post of Director of the Regional Office had been filled and that the appointee would take up the position in due course.

30. **Mr. MIGEREKO** (Minister of Tourism, Trade and Industry of Uganda) said that UNIDO had done much to support developing countries, including his own, in industrial promotion and dissemination of technology, which had facilitated trade and increased market access for their products. UNIDO had also played a major role in the development and effective application of a regulatory regime for quality assurance and support for an operational industrial framework. That intervention had helped developing countries in their efforts to cope with technical barriers to trade and sanitary and phytosanitary standards. He welcomed the increased level of technical cooperation and UNIDO's efforts to mobilize funds and improve project effectiveness through the integrated programme approach.

31. However, his country's efforts continued to be undermined by its narrow industrial base, dominated by inefficient small and medium enterprises, its dependence on a small number of primary products and unfavourable terms of trade. Africa needed to adopt policy and economic reforms which would lead to a sustainable increase in industrial productivity. He called upon the donor community to support UNIDO's African Productive Capacity Initiative.

32. A strong private sector was essential for economic dynamism, productivity and competitiveness. African entrepreneurs should be encouraged to set up large commercial farms, rather than family subsistence farms, and to move over from primary-product-based to resource-based industries. He welcomed UNIDO's support for investment promotion and institutional capacity-building, which had enabled developing countries to attract more resources and establish direct links between local entrepreneurs and potential investors. His country was willing to participate in the pilot projects for the joint programme of cooperation on private sector development between UNIDO and UNDP. He also welcomed the strategic partnerships which UNIDO had forged with other international organizations, including the World Trade Organization (WTO).

33. The UNIDO integrated programme in Uganda had enhanced economic growth and improved the competitiveness and sustainability of agro-based industries. The programme promoted micro-industries and small-scale industries, and encouraged better links between industry and agriculture. He called upon all development partners to increase funding for the integrated programme and the activities included in the medium-term programme framework, 2004-2007.

34. His country commended the recent initiative by the Group of Eight countries to cancel the debt of many developing countries, including Uganda. What the developing world needed now was programmes to address supply-side constraints, market access and the strengthening of value addition capacity, in order to promote sustainable economic development.

35. UNIDO must build on its record of successful reform to establish its role in the strengthening of multilateralism at a time of change throughout the United Nations system. The Organization would need a strong leader with the vision, experience and integrity to command the respect of all stakeholders. Africa had proposed three candidates for Director-General for the Board to choose from.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 2004 (IDB.30/2 and Add.1, IDB.30/21; IDB.30/CRP.4)

36. **Mr. SAMODRA SRIWIDJAJA** (Indonesia), speaking on behalf of the Group of 77 and China, welcomed the high level of technical cooperation delivery achieved in 2004. Sustained efforts should be made to build on that achievement.

37. The Cooperation Agreement with UNDP, signed the previous year, had far-reaching implications for UNIDO's representation in the field. It would need careful implementation and regular monitoring if it was to achieve the desired results. The strategic long-term vision should help to focus UNIDO's activities on its core strengths and advantages. He welcomed UNIDO's projects to promote South-South cooperation.

38. The adoption of a thematic and results-based approach for the formulation of programme and budget proposals and the establishment of the programme approval committees were important developments. The concept of results-based management should be built into integrated programmes and projects from the beginning. Clear and realistic objectives and outcomes, including results indicators, must be identified.

39. He noted the tabulated summary which had been provided to show technical cooperation delivery in the areas of competitiveness, environmental protection and productive employment (see document IDB.30/2, p. 61, table 1). UNIDO's global forum activities should complement technical cooperation projects.

40. The evaluation of programmes in selected countries, conducted with WTO in 2004, should help to improve technical cooperation guidelines, but careful planning, clear performance indicators and the mobilization of sufficient funding would also be required.

41. **Mr. FABER** (Luxembourg), speaking on behalf of the European Union and of Bulgaria, Romania, Croatia, Turkey, Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Serbia and Montenegro, Norway and Ukraine, noted the new management control framework for programme and project formulation and implementation, and particularly the programme approval committees. He hoped that the new arrangements would speed up programme delivery without affecting quality.

42. He welcomed the appointment of the UNIDO Goodwill Ambassadors, who would promote broader understanding of the role and capabilities of UNIDO and advise the Director-General on industrial development issues.

43. The European Union strongly supported UNIDO's strategic alliance with UNDP, which would be particularly useful for the development of the private sector in developing countries. The new system had significantly changed the structure of UNIDO's activities in the field, and he hoped that regular updates would be provided on the implementation of the Cooperation Agreement. He likewise welcomed UNIDO's cooperation with WTO in the assessment and joint promotion of technical cooperation projects, and the Organization's involvement in the eleventh session of the United Nations Conference on Trade and Development, held in Brazil in June 2004. In general, he commended the Director-General's efforts to enhance cooperation on economic development issues within the United Nations system.

44. He noted with satisfaction the increase in technical cooperation delivery to $98.8 million in 2004, continuing the upward trend of previous years.

45. He welcomed the progress made towards the preparation of a long-term vision statement for UNIDO, and supported the full implementation of a comprehensive results-based management system. Such a system should both improve overall performance and increase staff motivation by recognizing the contribution of individuals to the Organization's strategic objectives. In particular, he welcomed the new thematic and results-based budgeting approach; the provision of clear objectives, expected outcomes and appropriate performance indicators allowed for a clear overview of the Organization's programme. The new guidelines covering the entire technical cooperation programme and project cycle also took into account the principles of results-based management.

46. He urged the Secretariat to continue to address the difficulties identified in the recent self-assessment of its results-based management work, particularly the resistance to the new approach within the Secretariat and the perception that results-based management was a time-consuming and expensive addition to the staff's workload. However, it was gratifying to note the positive assessment of UNIDO's multilateral effectiveness by the United Kingdom Department for International Development.

47. **Mr. NAQVI** (Pakistan), speaking on behalf of the Asian Group, said that the high level of technical cooperation delivery in 2004 was very encouraging. Technical cooperation delivery per staff member had risen by 28 per cent between 1997, when the regular budget had been 20 per cent higher than at present, and 2004. He hoped that the Cooperation Agreement between UNIDO and UNDP would increase UNIDO's presence in the field and lead to closer collaboration between the two agencies.

48. The Asian Group welcomed UNIDO's projects to promote South-South cooperation, particularly those of the International Centre for Small Hydropower in Hangzhou, China, the International Centre for Advancement of Manufacturing Technology in Bangalore, India, and the Asia-Africa Investment and Technology Promotion Centre in Kuala Lumpur. Joint technical cooperation programmes had been established with the European Union and other agencies, which had brought additional expertise and funding to the region.

49. **Mr. RAMZY** (Egypt), speaking on behalf of the African Group, welcomed the adoption of the new framework for decentralization and field representation. He called upon the Director-General to maintain his commitment to technical cooperation for African countries, particularly the eight service modules which were designed to contribute to the implementation of the Millennium Development Goals—a top priority for Africa.

50. **Mr. GHEGHECHKORI** (Observer for Georgia), speaking on behalf of the GUAM group of countries, Georgia, Ukraine, Azerbaijan and Moldova, said that the implementation of UNIDO's medium-term programme framework for 2004-2007 showed a balanced allocation of its expertise and resources across all eight service modules, and an increased focus on the research component could be noted. The GUAM group commended UNIDO's efforts to ensure a multi-dimensional approach in delivering its services to Member States, and noted with satisfaction the considerable increase in UNIDO's technical cooperation deliv ry over recent years, expressing the hope that the momentum would be built upon and additional resources attracted. That could be partly achieved through implementation of the proposed strategic long-term vision statement, and the GUAM group supported the focus of those future targets being concentrated on poverty alleviation, especially in areas of investment promotion, business development, technology transfer, trade capacity-building, and environment and energy. The group also wished to urge the Secretariat to continue to provide assistance to countries with economies in transition, and in that regard believed that a closer interaction between UNIDO and other international development organizations was important in contributing to the goals, bringing in relevant expertise and ensuring broad multi-stakeholder participation.

51. The GUAM States took great interest in the further development of cooperation between UNIDO and UNDP, and looked forward to participating in discussions on the results of that cooperation and the subsequent enlargement of the initiative to GUAM and other interested UNIDO Member States.

52. The GUAM group congratulated the Director-General on the launching of the UNIDO Goodwill Ambassadors Programme, which would serve to promote partnership between the Organization and Member States with the aim of better addressing their development priorities and needs.

53. As recognized in the proposed strategic long-term vision statement, the professional expertise and technical skills of UNIDO staff should be regularly updated through, among other things, an appropriate proportion of internal and external recruitment. That approach was crucial to ensuring the professional, consistent and timely provision of services to Member States. Increased opportunities for the participation of qualified individuals from Member States with economies in transition would also contribute to better designing of UNIDO programmes in those countries as well as to securing gender and geographical balance within the Organization.

54. **Mr. TAKASU** (Japan), commending the *Annual Report 2004*, noted with appreciation that in 2004 UNIDO had implemented the highest total of technical cooperation programmes in the past five years, amounting to $98.8 million. He also expressed appreciation for the continued focus on African development through South-South cooperation and programmes such as the Tokyo International Conference on African Development exchange. Japan also welcomed the conclusion of the Cooperation Agreement between UNIDO and UNDP, as well as the intensified efforts to expand UNIDO's financial base through diversity of resources.

55. Japan attached great importance to the proposed budget for 2006-2007 being approved by consensus; it had been under discussion since the last meeting of the Programme and Budget Committee, and Japan was convinced that UNIDO would be able to implement the intended level of programme delivery for the next biennium within a zero real growth budget.

56. As regards UNIDO's future orientation, Japan looked forward to participating in the formulation of a long-term vision that could serve as a road map for UNIDO's activities in the years ahead. That vision should be developed in such a way as to promote reform efforts and be in conformity with the 1997 Business Plan on the Role and Functions of UNIDO and the Strategic Guidelines "Towards improved UNIDO programme delivery". It should also reflect the human security perspective as a major concept guiding UNIDO's activities, which should be concentrated on the selective areas of comparative advantage.

57. Japan's strong political and financial support for UNIDO was based on the fact that it fully appreciated

the well-focused and efficient programme delivery the Organization had achieved through major reform efforts and transformation in the past seven years. Japan therefore expressed its gratitude to the Director-General, whose dynamic leadership and constant pursuit of efficiency and improvement had made that difficult process possible. He had brought the Organization to a higher level of achievement and given it an enhanced international profile.

58. **Mr. SERRANO CADENA** (Colombia) said that the Director-General's professionalism, leadership and vision had made the Organization more efficient and more credible internationally. The *Annual Report 2004* gave a clear picture of the recent achievements of UNIDO, showing a significant improvement compared with previous years. Synergies had been developed within the Organization, and had led to a significant increase in the effectiveness of UNIDO's activities. Synergy had also been achieved with other development bodies, such as UNDP, and one of the results had been that UNIDO's field activities had become more relevant. The continuity of UNIDO's work in Colombia had made it possible to achieve high levels of sustainability and impact, especially with regard to the development of micro, small and medium-sized enterprises, and their integration into the global economy. Key elements in that achievement had been the commitment and professionalism displayed, and Colombia was keen that the Organization should continue to improve its activities in terms of methodologies and technical cooperation activities, as well as in making the best possible use of its comparative advantages.

59. **Mr. ZAGREKOV** (Russian Federation) said that the *Annual Report 2004* showed that UNIDO was increasing the volume, effectiveness and quality of the assistance and services it delivered. His country shared the report's conclusions that it was vital to enhance the quality of operational interaction and coordination between programmes, funds and specialized agencies of the United Nations system. UNIDO must develop and improve its comparative advantage in industrial development. The Russian Federation welcomed UNIDO's contribution to the implementation of the decisions of international forums on affording assistance to developing countries, especially African countries, and it noted in particular the effectiveness of the country service framework system for programme assistance delivery. Country service frameworks and integrated programmes must continue to be the basic instruments for UNIDO's technical assistance delivery.

60. He noted with satisfaction the increase in the past year in the range of cooperation between UNIDO and the Russian Federation, and noted that thanks to UNIDO the number of foreign partners and international organizations taking part in project implementation on the ground in the Russian Federation and in third countries had increased. With UNIDO's assistance, work had begun on developing a programme of technical cooperation between the Russian Federation and countries of Latin America in which the Russian Federation was a technology donor. In order to extend and deepen that kind of "East-South" cooperation initiative, it was essential to ensure the active participation of the business community, and in that connection he noted with satisfaction the positive conclusions that had emerged from the international congress of industrialists and entrepreneurs organized by UNIDO in Moscow in June 2005 on the role of the private sector and non-governmental organizations.

61. The Russian Federation intended to mobilize as effectively as possible the scientific production potential it possessed in order to extend technical assistance to developing countries in the interests of achieving the Millennium Development Goals, and in that connection it was counting on the active assistance and cooperation of UNIDO.

62. **Mr. JHA** (India), reiterating his country's strong commitment to and support of UNIDO's activities and programmes, noted that India had been paying its assessed contributions regularly and on time, and was also contributing voluntarily to the Industrial Development Fund to the tune of over $1 million a year. The joint business partnership programme for the development of selected industrial sectors launched by the Director-General of UNIDO when he had visited India in March 2005 would have a very positive impact on the UNIDO partnership programme with the private sector. The interaction during that visit had also been very useful in common efforts to provide a clear focus for the next phase of India's country service framework. Within the overall strategic imperative of employment generation in India, the Government had identified food processing, rural industry, skills upgrading and small hydroelectric power plants as focus areas in which India and UNIDO could work together. India was also fully committed to promoting South-South cooperation in association with UNIDO by offering its experience, expertise and technology to other developing countries.

63. Turning to the *Annual Report 2004*, he said that UNIDO had emerged stronger following the reform process. Its finances were now healthy and its technical cooperation delivery was growing. It had won the appreciation of the international community for its cost-effective and efficient contributions to the achievement of the Millennium Development Goals. India commended the Organization for the high level of technical

cooperation delivery—$98.8 million—achieved in 2004, and noted that that figure was even higher than the levels reached in 1997, when the regular budget had been 20 per cent higher and the number of staff 28 per cent more than at present. The gains achieved through the reform process must be consolidated and further improved.

64. India had contributed constructively to the debate regarding cooperation with UNDP, and looked forward to careful implementation and close monitoring and review of the pilot phase in order to assess the future course of action with regard to field representation. India had also actively contributed to the debate on the formulation of a strategic long-term vision statement for UNIDO. The Organization had developed considerable field experience in developing countries and in different regions of the world, and it should continue to deliver appropriate services that suited the requirements of individual regions.

ORGANIZATION OF WORK

65. **The PRESIDENT** proposed that the Board once again decide to suspend rule 32 of the rules of procedure regarding the quorum, except for meetings at which substantive decisions were to be taken. Rule 80 provided for a 24-hour period of notice of a proposal for suspension, which could be waived if no representative of a member of the Board objected. If he heard no objection, he would assume that the Board wished to suspend rule 32.

66. *It was so decided.*

The meeting rose at 12.35 p.m.